

**U.S. Small Business Administration
West Virginia District Office**

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A Terrific Year for West Virginia Lending

Thanks to you, 324 small West Virginia businesses received funding through our guaranty loan program. That is a 13.3 percent increase. More of you are using our convenient **SBAExpress** loan program. Nearly two-thirds of all loans approved last year were **SBAExpress**.

The top performers in our three lending categories:

- **Superior Financial Group** who approved 32 loans for \$272,500 in the Community Express category
- **First State Bank** who approved 23 loans for just over \$1.6 million in the Community Bank category
- **Huntington Bank** with 61 loans for just over \$5.6 million in the Large and National Bank category.

A breakdown of the top three lenders in each category can be found on page 4.

The West Virginia District Office was the Number 1 office in SBA's Region 3, attaining most all of our goals. We have you to thank! With the addition of two new members to our staff, and the enhancements and additions to our loan programs, together we CAN make a difference in the economic growth of West Virginia.



*SBA – helping the small business community
unwrap their potential.*

SBA Administrator Unveils Loan Program Reforms

The SBA is rolling out several major reforms to make its loan programs more effective and its products easier to use. The agency has also announced an initiative to boost entrepreneurship in 10 American inner cities.

The loan program reforms are part of



Administrator Steven Preston's agenda to make SBA more goal-oriented and accountable to customers. The agency sought extensive feedback from its district office and lending partners on ways to improve services. The result is a loan reform initiative that

will increase SBA's outreach to clients in underserved markets, enhance its relationship with lending partners and strengthen its ability to help small businesses start and grow. Components of the loan program reform initiative include:

Streamlined Tab System

SBA is introducing a new 10-tab system for submitting purchase guaranties as an alternative to the present format. The 45-tab system may still be used as needed. The 10-tab system offers a reduced number of document categories and a more intuitive flow, which should improve package quality.

45-Day Pledge

Most loan purchase packages received by SBA from lenders are incomplete and require considerable rework, causing extensive delays. SBA is offering lenders a major incentive to work with its staff to speed the loan process and eliminate errors. Any SBA lender that submits a new, complete loan package using the 10-tab format to the SBA National Guaranty Purchase Center in Herndon, Virginia will be informed in 45 days or less whether it will be purchased, or it is likely to end in a repair or denial.

Hundreds of SBA field staffers have been trained to assist lenders in the process. Lenders who are unsure of how to submit a package are encouraged to call the West Virginia District Office for assistance before sending it to Herndon. The agency also has created a customer service center in Herndon to help determine the status of a package or to answer simple questions about the guaranty process. The phone number is 877-488-4364.

New, improved products and services

SBA recently unveiled Rural Lender Advantage, a simpler loan approval process designed to spur economic development in America's rural communities. Part of the agency's 7(a) loan program, Rural Lender Advantage, encourages smaller, rural lenders to partner with SBA by requiring less paperwork, offering services online, and providing greater lender support. It will begin initially in six western states, but is expected to expand nationwide in the coming year.

The agency also intends to modify its Community Express loan program so that it is simpler for lenders and borrowers to use and focused more on underserved markets.

Loan processing modernization and backlog reduction

SBA processes more than 100,000 loans each year, twice as many as it processed five years ago. The agency is standardizing its review process, reengineering its processing centers, and bolstering its training centrally and in the field to eliminate any backlog and develop systems to prevent them from recurring, just as it did with its backlogged disaster program.

WVDO Welcomes New Employees

On October 1, the WVDO welcomed two new employees to the staff, Karen Friel and Tom White.

Karen joins the SBA as a Business



Development Specialist with 10 years banking experience, most recently in the commercial banking division of MVB Bank, Inc. in Bridgeport. A graduate of Fairmont State University with a degree in business administration and marketing & management,

Karen resides in Taylor County with her husband Monte and children Hunter and McKayla. Karen can be reached at (304) 623-5631 ext. 238 or by email at Karen.friel@sba.gov.

Tom also joins the SBA as a Business Development/Lender

Relations Specialist. With over 20 years banking experience, specifically in the eastern panhandle, Tom was most recently vice president of commercial lending at Premier Bank in Martinsburg. He attended the University of Maryland and currently resides in



Berkeley and Harrison Counties with his wife and two children. He is an active Cub Scout Pack leader, a member of the National Eagle Scout Association, and a veteran of the U.S. Army and Army Reserve. Tom will also serve the WVDO as our Veterans Affairs Officer. He can be reached at (304) 623-5631 ext. 233 or by email at Thomas.white@sba.gov.

Wanted: Lenders to Deliver Patriot Express Loans

As an U.S. Small Business Administration participating lender, you have a good working knowledge of SBA's loan programs and how they reduce the risk you face as a lender when considering small business financing. You are probably also familiar with the SBAExpress loan program, which provides a loan guaranty through a streamlined application process of up to \$350,000 and a 50 percent SBA guaranty, as well as the general 7(a) loan program.

This past June, SBA combined the best features of both the regular 7(a) and SBAExpress to create Patriot Express which gives you, the SBA lender, the ability to provide funding to the members of the military community who have been putting their lives and careers on hold to safeguard our freedoms.

The SBAExpress and Patriot Express programs both involve two aspects in the SBA decision making process, eligibility and credit. SBA is delegating the credit portion of the approval process to you, the SBA participating lender – You make the call!

Other features of the Patriot Express initiative gives lenders access to expedited paperwork for quick turn-around, increased maximum guaranteed loan size of \$500,000 (\$150,000 more than SBAExpress), and a larger guarantee than a regular SBAExpress (75-85 percent versus 50 percent). Plus, you can use your bank's own paperwork which reduces processing time and cost. It's a win-win situation for all involved.

Patriot Express is targeted for those in the military wanting to establish or expand a small business which includes: veterans, Service-disabled veterans, active-duty service members

eligible for the military's Transition Assistance Program, Reservists and National Guard members, current spouses of the above, and the widowed spouse of a service member or veteran who died during service or of a service-connected disability.

Lenders interested in becoming a Patriot Express lender must provide the following information to the Sacramento Loan Processing Center:

- Lender's exact legal name and address
- Name, title, address, phone and fax number, email address for the contact person
- Letter from the lender certifying as to whether:
 - it is in good standing with its primary regulator; and
 - it currently is or in the past two years has been:
 - subject to an enforcement action by any of its state or federal regulators;
 - or subject to any formal or informal agreements with any of its state or federal regulators.
- Signed copy of the **Supplemental Loan Guaranty Agreement** for Patriot Express (to expedite application process, but SBA approval/execution of agreement is contingent on outcome of SBA's assessment of lender performance.)

Questions about the application process or if you need to obtain a copy of the Patriot Express Supplemental Loan Guaranty Agreement, can be directed to Tom White, our Lender Relations Specialist at (304) 623-5631 ext. 233 or by email at: Thomas.white@sba.gov.



Approved Patriot Express Lenders for WV

- 1st National Community Bank
- Banco Popular Small Business Capital
- Branch Banking & Trust (BB&T)
- CIT Small Business Lending
- Centra Bank
- Community Trust Bank
- Fifth Third Bank
- First State Bank
- Huntington National Bank
- JP Morgan Chase
- Manufacturers and Traders (M&T)
- Newtek Small Business Finance
- Superior Financial Group
- Sun Trust Bank
- Wells Fargo Bank

FY 2007 Lender Report

SBA guaranty lending for fiscal year 2007 showed a 13.3 percent increase over fiscal year 2006. Overall, there were 43 more loans made to West Virginia small businesses for a total of 324. A breakdown of the top three lenders in each category is below.

Large & National Banks (more than \$500 million in assets)

1. Huntington Banks – 61 approvals for \$5.6M
2. BB&T – 43 approvals for \$6.4M
3. JP Morgan Chase – 33 approvals for \$2.8M

Community Banks (less than \$500 million in assets)

1. The First State Bank – 23 approvals for \$1.7M
2. Poca Valley Bank – 6 approvals for \$707K
3. Guaranty Bank & Trust – 5 approvals for \$523K
3. Main Street Bank – 5 approvals for \$332K

CommunityExpress Lenders

1. Superior Financial Group – 32 approvals for \$273K
2. Innovative Bank – 17 approvals for \$265K
3. Business Loan Center – 3 approvals for \$115K

For a complete rundown of SBA lending per lender for fiscal year 2007, visit the **For SBA Lenders** section on the Financing page of our web site at: www.sba.gov/wv.

Congratulations!

First State Bank on becoming certified for the Patriot Express Loan Program.

Bank of Charles Town on becoming certified as a SBAExpress lender.

Centra Bank on becoming certified for both SBAExpress and Patriot Express programs.

Changes to 7(a) & 504 Guaranty Fees

Each year SBA reviews the fees payable to SBA by CDCs and 7(a) participating lenders as well as the borrowers to determine if they are sufficient to cover the estimated costs of the 504 and 7(a) loan programs. Specific details can be found in SBA Informational Notice 5000-1030 which is posted under the **“For SBA Lenders”**

section on the Financing page on the West Virginia SBA web site.

7(a) Loan Program: Lender's “ongoing servicing fee” is 0.494 percent (49.4 basis points) of the guaranteed portion of the outstanding balance on the 7(a) loan for all loans approved on or after October 1, 2007. This is a reduction from 2007's fee of 0.55 percent (55 basis points).

504 Loan Program: The Borrower's “ongoing guarantee fee” will be 0.021 percent (2.1 basis points) of the outstanding balance of the 504 loan. This is a slight increase from 2007's fee of 0.018 percent (1.8 basis points). In addition, the one-time guaranty fee that SBA is authorized to charge 504 borrowers has been reduced from 50 basis points to zero basis points for 504 loans approved on or after October 1, 2007.

Updated IRS Contact Info for Income Verification

All SBA 7(a) and 504 related requests for IRS tax transcripts must be submitted to IRS Service Centers using the new IRS Form 4506-T. A copy of Form 4506-T is available under the Forms section on the SBA Banking site at www.sba.gov/banking. Please note that SBA's logo must be included at the top of the form to ensure SBA related requests are expedited and to ensure there will be no charge for the transcripts.

Below are the contact points and telephone numbers for IRS Service Centers for West Virginia. If you are requesting information on a form filed outside of WV, check page two of the 4506-T to find the correct location to send the request.

For 1040 series and Form W-2, contact: Christina Pickett or Virginia True, IRS, P.O. Box 145500, Stop 2800F, Cincinnati, OH 45250. Telephone: 859-669-2126 or 859-669-3585. Fax: 859-669-3592.

For Form 1065 and 1120 series, contact: Christina Pickett, IRS-RAVIS Team, P.O. Box 145500, Stop 2800F, Cincinnati, OH 45250. Telephone: 859-669-2126. Fax: 859-669-3592.

SSA/IRS Reporter

The SSA/IRS Reporter is a joint effort of the Social Security Administration (SSA) and the Internal Revenue Service (IRS).

The Reporter carries general information about best payroll and employment tax practices and SSA products and services, such as changes in forms for reporting employee wages, W-2 Online, SSA filing procedures and Business Service Online.

The SSA/IRS newsletter also includes timely information from the Department of Labor,

Department of Justice, Health and Human Services, and other government agencies.

Current and past issues are posted on the IRS website at:

www.irs.gov/businesses/small/article/0,,id=109886_00.html. Check out the Fall 2007 issue to read about:

- Federal Minimum Wage Increases
- Closing the Tax Gap – A Priority for All
- Employer Responsibilities When Hiring Foreign Workers
- DOL Introduces New Tool for Calculating Overtime Pay
- DOJ's Business Connection Initiative Helps Businesses Understand ADA
- Recommend Electronic IRS for Your Employees' Tax Needs

To keep lenders and resource partners apprised of newsworthy items, we have created a "For SBA Lenders" section on the Financing page of the West Virginia SBA web site (www.sba.gov/wv).

If you would like to see additional items in this area, please contact Rick Haney (304-623-5631 ext. 230 – email: Richard.haney@sba.gov) with your recommendations/suggestions.

SSA Invites Small Businesses to File Wage Reports Online

Social Security's employer website is often a first stop for information on W-2's, electronic filing, verifying Social Security numbers, free software, technical specifications and much more.

Now small business owners with a computer and an Internet connection can register to use Social Security's Business Service Online (BSO) to start filing wage reports (Forms W-2 and W-3) electronically and stop doing paper forms. Correction forms (W-2c and W-3c) may also be filed online.

Visit www.socialsecurity.gov/employer to sign up for the service.

Fraud Involving SBAExpress

SBA Information Notice 9000-1703 dated September 28, 2007 provides an update to the OIG's 2006 alert about fraudulent schemes detected on a number of SBAExpress loans. The purpose of the notice is to prevent fraud by making our lenders aware of any patterns and indicators which are seen in their investigations.

The perpetrators in SBAExpress fraud schemes have been borrowers and/or loan

agents. Loan agents include packagers and referral agents. A complete posting of Notice 9000-1703 can be found under the "For SBA Lenders" section on the Financing page of the WVDO web site (www.sba.gov/wv).

Success Stories Wanted

The SBA is looking for businesses to participate in our Success Story program. Do you have clients or know of any small businesses that meet the criteria listed below? Would you like to showcase your institution in the media and on SBA's web site?

Success story candidates should:

- Be in business at least 3 years
- Show an increase in the number of employees or growth in revenues
- Provide examples of contributions to the community
- Have some type of SBA assistance (SBDC, SCORE, Guarantee Loan, Contracting, etc.)

If you know of any firms which might fit the criteria above, please contact Rick Haney at 304-623-5631 ext. 230 or by email at

Richard.haney@sba.gov with their name and contact information.

Business ASK ME! Line

Do you have clients needing assistance putting together a business plan, loan packaging, projections or just needing general small business assistance? The WV Small Business Development Center has launched a program to enhance the delivery of essential services to West Virginia's small businesses.

The West Virginia Ask Me! Line, a toll-free number, is available statewide and is the primary contact number for all small-business services. Clients can call the Business Ask Me! Line toll free (1-888-982-7232) to access the SBDC's services. Once the clients have made contact, the staff will help them review the available services so the Center can respond to their business needs. Depending on where they are in their business pursuits, they will be directed to resources that meet their specific business needs.



KEY SBA INFORMATION

Maximum Guaranty Percentages

Regular 7(a) loans of \$150,000 or less	85%	SBAExpress (\$350,000 maximum)	50%
Regular 7(a) loans greater than \$150,000	75%	SBA ExportExpress (\$350,000)	85/75%
Export Working Capital Program	90%	SBA Patriot Express (\$500,000)	85/75%

Guaranty Fees on loans exceeding 12 months in maturity. The Lender pays the fee and may pass it on to the borrower after first disbursement.

	<i>Based on SBA Guaranteed Portion</i>	<i>Based on Total Loan with Standard SBA Guarantees</i>	<i>Based on Total Loan with Express</i>
Loans of \$150,000 or less (Lender may keep .25% of fee)	2.00%	1.70%	1.0%
Loans between \$150,001 & \$700,000	3.00%	2.25%	1.5%
Loans greater than \$700,000	3.50%	2.625%	n.a.

Loans with a guaranteed portion in excess of \$1 million add an additional **.25%** guaranty fee on that portion.

The guaranty fee on a \$2,000,000 SBA loan is now \$53,750 with term > 1 year; \$3,750 ≤ 1 year.

Guaranty Fee on all loans up to 12 months in maturity is only .25%, but must be submitted with the application

Lender Annual Service Fee: .494% of the outstanding balance of the SBA guaranteed portion of the loan. The fee is prorated and submitted monthly with your 1502 report (See Colson Services below for contact information). This fee may not be passed on to the borrower.

Interest Rate Limits

Term less than 7 years	WSJ Prime + 2.25%
Term of 7 years or more	WSJ Prime + 2.75%

Loan of \$25,000 or less	May add 2%
Loan of \$25,001 to \$50,000	May add 1%

SBAExpress limits are:

Prime rate + 4.5% for loans over \$50,000

Prime rate + 6.5% for loans of \$50,000 or less

West Virginia District Office Finance Division Staff

	Telephone	Individual Fax	e-mail addresses
David Manley	(304) 623-5631 ext 231	(202) 481-2617	david.manley@sba.gov
Tom White	(304) 623-5631 ext 233	(202) 292-3631	thomas.white@sba.gov
Naomi Bassel	(304) 623-5631 ext 225	(202) 481-4718	naomi.bassel@sba.gov

Key Web Sites

SBA Lender Homepage	www.sba.gov/aboutsba/sbaprograms/elending/index.html
West Virginia District Office Homepage	www.sba.gov/wv/
SIC, NAICS codes and Size Standards	https://eweb1.sba.gov/naics
Franchise Registry Homepage	www.franchiseregistry.com/registry/
Immigration and Naturalization	www.uscis.gov
Exporting	www.export.gov

Important Addresses

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320 West Pike Street, Suite 330
Clarksburg, WV 26301
(304) 623-5631
Fax (304) 623-0023

Charleston Branch Office
405 Capitol Street, Suite 412
Charleston, WV 25301
(304) 347-5220
Fax (304) 347-5350

Guaranty Fee Payments
Small Business Administration
Denver, CO 80259-0001

SBAExpress & PLP Loan
U.S. Federal Courthouse
501 I St., Suite 12-100
Sacramento, CA 95814-2322
Fax (916) 930-2160

Colson Services
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(877) 245-6159
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Lrsc.servicing@sba.gov

National Guaranty Purchase
1145 Herndon Parkway
Herndon, VA 20170
(703) 487-9283
Fax (202) 481-4674
loanresolution@sba.gov
7(a) Processing Center

Sacramento (See PLP/Express)
(916) 930-2455
Fax: (916) 230-2180
Or
262 Black Gold Blvd.
Hazard, KY 41701
(606) 436-0801
Fax (606) 435-2400
7aloanprogram@sba.gov

**Questions? Call WVDO at
(800) 767-8052 ext. 8**